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Evaluation

Evaluation of UNDP partnership with global funds and philanthropic foundations

Executive summary

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I. Introduction

1. Contemporary development cooperation encompasses a wide range of relationships with different types of partners – governmental, non-governmental and private sector. The diversity of institutions and types of partnership has multiplied over the past two decades. That evolution was based partly on different ways of allocating private resources, including through the establishment of philanthropic foundations, to mitigate a variety of developmental problems. Another cause was increased earmarking of public funding, as donor countries sought to substantiate the use and impact of taxpayer funds. In some cases, specific development challenges have brought together different types of donors to create 'global funds'. Global funds have been important in supporting health, education and environmental programmes. In many cases, disillusionment with the performance of existing multilateral arrangements embodied by the United Nations and multilateral development banks served as an underlying motivation for the establishment of global funds or philanthropic foundations. A somewhat related aim was to establish mechanisms to provide quick, efficient targeted support where it was most needed.

2. UNDP has engaged with a range of partnership and funding mechanisms in carrying out its mandate to support developing countries. It has established partnerships with a multitude of global funds and philanthropic foundations both globally and at the level of individual programme countries. In addition to providing new opportunities to strengthen support to programme countries on a range of critical issues, developing such partnerships has been crucial in a context of continued uncertainty over the availability of sustained levels of core resources.

3. Different partnership dynamics have resulted in different institutional arrangements at both the corporate and the programme country level. Varying country contexts have led UNDP to engage in partnerships in which it has variously played the role of principal recipient of funds, implementing agency, interlocutor, coordinator and adviser.

4. This report seeks to contribute insights on UNDP partnership with global funds and philanthropic foundations. The principal objectives of the evaluation are to (a) assess the effectiveness, efficiency and sustainability of UNDP support to the achievement of development results when activities are carried out in partnership with global funds and philanthropic foundations; (b) clarify the added value to key stakeholders of UNDP partnerships with global funds and philanthropic foundations and the comparative advantages of working with such funding instruments; and (c) provide actionable recommendations on how UNDP partnerships with global funds and philanthropic foundations could be further developed.

5. Covering the period from 2001 to 2010, the evaluation focuses on partnership, and, thus, on a modality rather than a programme or project. It provides a broad perspective on how partnership arrangements between UNDP and a range of funding instruments have evolved in the context of increasing reliance on non-core resources, as well as on the relative importance of the new funding institutions alongside the traditional multilateral development cooperation system.

6. The evaluation focuses on UNDP partnership with three global funds: (a) the Global Environment Facility (GEF); (b) the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM); (c) the Multilateral Fund for the Implementation of the Montreal Protocol; and three philanthropic foundations: (a) the Mohammed bin Rashid Al Maktoum Foundation; (b) the Bill and Melinda Gates Foundation; and (c) the Open Society Institute/Soros Foundations.

7. The evaluation draws on evidence from 70 UNDP programme countries. A meta-analysis was conducted of evidence pertaining to UNDP partnerships with global funds and philanthropic foundations in 61 UNDP Evaluation Office assessments of development results reports covering 56 UNDP programme countries. In addition, several types of country-level analyses were carried out. Country selection took place against the background of a comprehensive portfolio scan of the financial data pertaining to projects conducted in partnership with global funds and philanthropic foundations in all UNDP

programme countries over the past decade. Selection criteria included programmatic relevance over the last five years; coverage of funds and foundations; regional coverage with a particular focus on Africa; and human development experiences through a mix of country typologies.

8. Seven countries were selected for full case studies focusing on global funds – Angola, Burkina Faso, Honduras, Iran, Lebanon, Tajikistan and Zimbabwe; six countries were selected for case studies focusing on philanthropic foundations – Bulgaria, Liberia, Mali, Moldova, Senegal and the United Arab Emirates; and ten countries were selected for telephone interview-based supplementary reviews focusing on both global funds and philanthropic foundations – Belarus, Bolivia, Bosnia and Herzegovina, Chile, Jordan, Malaysia, Maldives, Mauritius, Morocco and Namibia. In addition, data were obtained through a review of evaluations and other key documents related to the performance of UNDP and partner institutions; semi-structured interviews with global-level informants from UNDP and partnering institutions; and a survey of UNDP resident representatives.

II. Background

9. Multilateral aid, primarily through the United Nations, accounted for about 10 per cent of official development assistance in the 1960s. By the 1980s, multilateral aid had grown to around 30 per cent of official development assistance; the percentage has since remained relatively steady. Since 2000, the share of multilateral aid has fallen somewhat, with a growing portion of bilateral aid being channelled through the United Nations and other multilateral funds in the form of non-core ('earmarked') funding. This shift reflects the desire of traditional donors for more control. The past decade saw the growth of additional non-United Nations multilateral funds and the further expansion of existing funds such as GEF and the Multilateral Fund. New private donors entered the aid architecture, with some global funds receiving substantial contributions from private sources (most notably the Gates Foundation). Moreover, the decade saw the emergence of additional official donors, including Brazil, China, India and some of the Arab States.

10. For UNDP, reliance on non-core funding – including from traditional and non-traditional donors, global funds and philanthropic foundations – grew from 19 per cent in 1991 to 80 per cent in 2010. By 2010, out of a total of just over $5 billion, core resources amounted to just under $1 billion. Over the past decade, however, core resources have remained relatively stable in absolute terms, increasing until 2007 and decreasing slightly since. In contrast, non-core resources have increased significantly (though more slowly since 2007), which accounts for the changing ratio of core to non-core resources.

Global funds

11. Since the early 1970s, global funds have been established primarily in the environment and health fields. Most of these funds have been created outside the United Nations system. In the wake of the signing of the Vienna Convention for the Protection of the Ozone Layer in 1985 and the Montreal Protocol on Substances That Deplete the Ozone Layer in 1989, a separate mechanism was established to administer the accompanying Multilateral Fund; it became operational in 1991. Also in 1991, GEF was formally approved during preparations for the United Nations Conference on Environment and Development (known as the 'Rio Summit'). In the last decade, major new multilateral funds have emerged in the field of health. The largest, GFATM, commenced operations within six months of the August 2001 United Nations General Assembly Special Session on HIV/AIDS. Global fund contributions (from GEF, GFATM and the Multilateral Fund in particular) to UNDP non-core resources have increased from just under $250 million in 2004 to almost $700 million in 2010 (from approximately 8 per cent to about 16 per cent).

12. GEF began as a $1 billion pilot programme that expanded into a partnership among three implementing organizations: The World Bank, UNDP and the United Nations Environment Programme. As of 2011, GEF had allocated a total of $9.5 billion, and it is estimated that a further $42 billion in co-financing has been mobilized by donors, recipient

countries and the private sector. UNDP has been one of the GEF key implementing organizations since the inception of the Facility, accounting for approximately one third of total GEF funding. UNDP work with GEF encompasses activities in all GEF focal areas: biodiversity, climate change mitigation and adaptation, international waters, land degradation, ozone layer depletion and persistent organic pollutants. The portfolio of work includes projects at the country, regional and global levels.

13. GFATM is a financial instrument that provides performance-based grant funding to country-level recipients to fight HIV/AIDS, tuberculosis and malaria. As a global partnership among governments, civil society, the private sector and affected communities, GFATM constitutes an innovative approach to international health financing with an original mandate to dramatically scale up global financing. During its almost decade-long existence, GFATM has raised over $20 billion to co-finance prevention, treatment and care programmes in more than 150 countries.

14. UNDP and GFATM have been engaged in a partnership since late 2002. UNDP supports programme implementation by serving as the principal recipient in exceptionally challenging contexts, developing the capacities of national actors to assume or strengthen principal recipient responsibility, and improving policy and programme quality. UNDP has been a major partner in terms of receiving GFATM grants. It has assumed the responsibility of principal recipient in 47 countries since 2002, and the value of signed grant agreements totals some $2 billion.

15. The main objective of the Multilateral Fund is to assist developing countries whose annual per capita consumption and production of ozone-depleting substances is less than 0.3 kg to comply with the control measures of the Montreal Protocol. As of 2011, 147 of the 196 parties to the Protocol are eligible for support. As of April 2011, the contributions, from 45 countries, amounted to more than $2.77 billion. After the establishment of the Multilateral Fund, UNDP entered into an agreement with the Executive Committee of the Fund to serve as an implementing agency. As of 2011, UNDP has provided technical and policy backstopping to country offices and governments and has overseen implementation of over 2,000 Multilateral Fund-financed projects in more than 100 countries. A key objective of UNDP work is to develop the capacities of governments to meet their commitments by phasing out the use of ozone-depleting substances in industrial production, refrigeration servicing, mobile air-conditioning, fire protection and agricultural production.

Philanthropic foundations

16. Individual philanthropy has led to the creation of foundations that have channelled substantial resources into a range of 'causes', including development. There are over 75,000 foundations in the United States, some 85,000 in Western Europe, 35,000 in Eastern Europe, 10,000 in Mexico, nearly 2,000 in China and at least 1,000 in Brazil. Some foundations increasingly see themselves as fully-fledged development partners rather than donors, and expect close involvement in policy discussions, problem analyses and results assessments. Historically, UNDP has had few substantive long-term partnerships with philanthropic foundations. Partnerships with philanthropic foundations have primarily been managed by UNDP country offices.

17. The Mohammed bin Rashid Al Maktoum Foundation was launched in 2007 with a $10 billion endowment from the Prime Minister and Vice President of the United Arab Emirates and constitutional monarch of Dubai. The foundation promotes entrepreneurship by supporting innovation and research, improving access to high-quality education and professional development, and supporting the production, acquisition and dissemination of Arab knowledge sources. A memorandum of understanding was signed between UNDP and the Al Maktoum Foundation in 2007. To date, with a $5.83 million contribution, the foundation has supported UNDP in developing the 2009 'Arab Knowledge Report' and the 'Arab Human Capital Challenge', two reports that offer a general introduction to the state of the Arab knowledge society and the challenges of fostering employment in Arab states.

18. The Gates Foundation, launched in 1994, has grown to be the largest of its kind in the world. The Gates Foundation channels a significant proportion of its assets into

development programmes, also contributing to the establishment of other multilateral funds and actively supporting United Nations organizations. The Foundation divides its work into three distinct programme areas: global development, global health, and programmes implemented within the United States. UNDP has worked with the Gates Foundation on several projects since it started its operations in 1994. Activities have been implemented on a project-by-project basis, governed by individual memoranda of understanding. A number of initiatives, with a total value of approximately $50 million, are reviewed in the context of this evaluation.

19. Since 1984, when the Soros Foundation established its first non-United States based foundation in Hungary to support the transition from communism, its support to human rights and democracy has expanded rapidly. UNDP signed a memorandum of understanding with the Soros Foundation in 2001 with a view to supporting international development aimed at strengthening democratic institutions. Activities under the partnership have primarily revolved around several democratic governance and human rights projects in Eastern Europe and the former Soviet Union. Between 2004 and 2010 UNDP received $14.8 million in contributions from the Soros Foundation.

III. Findings

Global funds

20. **Partnership with global funds is strategically important to UNDP. Not only does it facilitate mobilizing significant volumes of financial support, but it also provides UNDP with opportunities to engage in global policy dialogue, participate in innovative initiatives, and strengthen its own capacity.** The partnerships with global funds have become increasingly relevant to UNDP in monetary terms. The UNDP budget derived from such global funds stands at over $657 million per annum, one-sixth of its non-core revenue. Partnership with global funds allows UNDP to engage in global policy dialogue with governments on a range of issues. Such partnerships have enhanced UNDP technical and operational capacities. Global fund monies have enabled UNDP to develop its country-specific technical expertise in specialized areas and have facilitated innovative work that would not easily be possible through the use of core funds.

21. **Partnership with UNDP is strategically important to global funds. There is a shared commitment to international standards, and UNDP adds significant value to the delivery of global fund initiatives.** UNDP is a key player in all three global funds under review. It has engaged with these funds since their inception: relationships were forged at a strategic level and based on memoranda of understanding and senior-level contacts. A significant portion of each fund goes to partner countries through or with the support of UNDP, which on an annual basis averages approximately 40 per cent of GEF funding, 32 per cent of Multilateral Fund financing, and 10 per cent of GFATM funds.

22. **Initiatives supported through UNDP-global funds partnerships are generally relevant to national priorities. As governments make choices as to how to prioritize development challenges, the specific allocation of resources within the sectoral focus areas of global funds is not always perceived as requiring the most urgent attention.** Global fund projects fit well with national priorities in most of the countries where they operate, according to country case studies and feedback from national stakeholders. While all projects are relevant, questions may sometimes be asked whether the most relevant challenges are being properly prioritized. However, recipient governments are generally assertive about their requirements, particularly as they are often called upon to co-finance projects supported by global funds and endorse them at both the political and the technical level.

23. **UNDP plays an essential role in managing global funds at the national level, and is sometimes the only feasible or available international partner. It may implement directly due to a lack of national capacity arising from political or security reasons, governance issues or a lack of management and administrative expertise.** National

authorities usually welcome UNDP in global fund implementation, which often builds on long-standing historical relationships. Even governments with evident implementation capacity are seen to be making the pragmatic choice of keeping UNDP as a service provider. In the case of global funds, UNDP specialist knowledge on project design and grant application is a reason for choosing to work through UNDP. There have been a few cases where a government felt that it was able to take responsibility itself, which inevitably created some tensions with UNDP.

24. **National capacity development is highlighted in agreements between UNDP and global funds. While project-based capacity development activities are commonplace, UNDP does not prioritize a longer-term vision and systematized approach aimed at enabling national partners to be self-sufficient.** Even in the most challenging contexts, there is a sense among fund managers and within recipient governments that UNDP could do more to prepare for handover to national authorities. While UNDP has generated guidance on effective capacity development, in practice it is often not considered user-friendly or sufficiently comprehensive or adaptable to specific national circumstances. Moreover, there is no mandatory approach to capacity assessment, baseline-setting or exit strategies.

25. **There is a good fit between the objectives of the UNDP-global fund partnerships and current UNDP strategic objectives and international commitments. Challenges remain in cross-linkages with other strategic objectives at the project level. Alignment with the UNDP core mandate is a matter of ongoing debate.** At the level of current UNDP strategic objectives and international commitments, the partnerships with global funds fit well. Project objectives are aligned with country programme objectives and the United Nations Development Assistance Framework which, in turn, feeds into UNDP global objectives. A mixed picture emerges – and there are observable differences between funds – regarding the extent to which cross-linkages are made at the project level between global fund activities and other UNDP strategic objectives (such as poverty reduction and gender equality).

26. **In delivering global fund programmes, UNDP – as the custodian of the resident coordinator function – coordinates initiatives with other concerned development actors. While relations with such development actors have often been mutually beneficial, they have occasionally been competitive or one-sided.** United Nations coordination works well at the formal United Nations Development Assistance Framework level, but there is scope for closer cooperation. United Nations country team members expressed the concern that UNDP works on issues outside its area specialization for which it does not consult or involve specialized agencies. The issue of unfair competition from UNDP in relation to different global funds was frequently raised. Relations with civil society tend to be weak; UNDP is often criticized for being too close to governments. However, partnerships with global funds may help UNDP open up to non-governmental organizations and communities.

27. **According to the assessment systems of the global funds under review, UNDP work is considered effective. UNDP generally receives satisfactory to high scores demonstrating its ability to deliver well within the context of the partnerships.** Each of the funds under review has systems for measuring the performance of recipient organizations on a regular basis and rating them against each other. According to those external systems of measurement, UNDP work has been found to be effective. Beyond the rating systems, there is ample evidence – based, in particular, on comprehensive evaluations of GEF and GFATM over the past years – that work conducted by the global funds has contributed to the achievement of development results. There are, however, a few less positive outcomes (for example, there are rare cases of corruption infecting individual global fund programmes at the country level).

28. **Efficient support to global funds is provided through the three-tier structure of headquarters units, regional service centres and country offices. In certain instances, the performance of regional service centres in underpinning the work of country offices varies considerably.** There is reportedly cross-fertilization between the units responsible for each of the global funds. However, there is no overall coordination

function for UNDP work with the funds. From a headquarters perspective, it can be a challenge to ensure a harmonized approach to specific global funds across country offices without line management or at least technical authority over field staff, or to ensure that all country and regional offices have the necessary specialist expertise.

29. **The rigidity of UNDP procedures is both an asset and a concern for global funds and national governments. There is a high level of comfort that UNDP will manage donor resources as intended and in line with strict internal standards. However, procedures are often perceived as excessively bureaucratic and prone to delays.** Some staff at GEF and GFATM raised concerns about the rigidity of UNDP procedures. Responses at the field level are mixed. Among some stakeholders there is high praise for UNDP systems relative to the weak administrations in the countries where it operates. But there are also a number of complaints about slow procurement processes; cumbersome and inconsistent accounting, planning and reporting procedures; delayed disbursements; and the inappropriate application of UNDP rules.

30. **From the UNDP perspective, some inefficiencies at the day-to-day working level can be attributed to the global funds themselves. Such issues are part of the ongoing dialogue between organizations that seek to improve efficiency on all sides.** Various concerns about global fund inefficiencies have been raised at UNDP headquarters and at the country level. Issues related to GEF include: rules and regulations that are complex and restrictive, a project cycle that is too short for lasting outcomes, and co-financing requirements that put UNDP at a disadvantage compared with development banks that offer loans. With regard to GFATM, there is frustration at the high turnover of GFATM staff in Geneva and the lack of internal information-sharing; there are doubts about the qualifications of local fund agents; and there is criticism of what is seen as the trialling of new and inefficient procedures. No issues were raised about the Multilateral Fund; the system seems straightforward and well understood.

31. **The overall monitoring and evaluation systems for global funds are found to work well and are often seen as more advanced than general UNDP requirements. There are challenges in monitoring and evaluating for broader development results and in tracking human development-related indicators.** UNDP faces some challenges in integrating the monitoring and evaluation requirements of global funds with its own systems. The project results of global funds are not fully integrated into evaluation planning at the country and bureau levels, and many evaluations covering GEF, GFATM and Multilateral Fund projects are not included in evaluation plans. All funds have rigorous monitoring and verification processes that track results using a range of quality criteria. However, longer-term impacts are not necessarily tracked. Overall, the monitoring and evaluation systems of the global funds are more advanced than those used by UNDP, but UNDP has adapted well and has shown a willingness to improve and learn.

32. **While UNDP overheads are agreed upon in the context of partnership documents, the staff of global funds frequently do not consider the level of UNDP charges to be justified. The rationale for overhead charges is not communicated adequately, which has soured relations at times.** UNDP cost recovery has been an issue for global funds, and GEF and GFATM have questioned the level of overheads. The Multilateral Fund appears to have a more standardized cost structure, and is able to work out mutually agreeable budgets. Some global fund staff consider UNDP charges to be excessive – sometimes due to misinformation or a lack of appreciation of the risks involved. For the most part, governments see value for money in the fees charged by UNDP and take the pragmatic view that these are the necessary cost of outsourced services. UNDP considers that its cost structure, which is agreed upon in partnership documents, is reasonable.

33. **UNDP and global funds, in particular GEF and GFATM, have different views on financial transparency. This apparent incompatibility of accountability systems has led to some tension, although decision 2011/23 of the UNDP Executive Board seeks to resolve differences.** Global funds frequently criticize a perceived lack of UNDP

transparency and financial openness. While they perceive UNDP as taking an excessively legalistic approach, UNDP is adamant that it is a sovereign organization with its own governance structure and accountability and oversight systems, and that the demands placed on it are too invasive. One aspect that is evident at both global and national levels is that UNDP seems poor at communicating what it stands for and what it does, which leads to misunderstanding and distrust among stakeholders.

34. **Many factors beyond UNDP control adversely affect efficiency. In assessing UNDP performance working with global funds, the challenge of working in difficult contexts is, at times, not fully recognized.** There are many factors beyond UNDP control that hinder project implementation. Despite external challenges, the possibility of using a direct execution modality (rather than a national execution modality) has enabled UNDP to surmount problems. External stakeholders have acknowledged that UNDP works in difficult contexts where no other organizations are available (as principal recipient of last resort under GFATM, for example). However, judging by the criticisms, the depth of these challenges is not sufficiently understood by critics – nor are they sufficiently communicated by UNDP.

35. **The sustainability of initiatives supported by UNDP-global fund partnerships and the results of those initiatives have varied. Sustainability depends on the continued availability of funding and the motivation and capacity of national counterparts to carry initiatives forward.** There are both positive and less positive examples of the sustainability of initiatives and results. Sustainability of impact varies with the fund and project and the targets set in the first place. For example, the Multilateral Fund has finite conclusive impacts in terms of reduced damage to the ozone layer, whereas GEF projects are highly varied and have more indeterminate impacts. Capacity development is central to sustainability, but has not always been strong. Middle-income countries, with a relatively high initial level of capacity and resources, are more easily able to apply lessons learned and to scale up activities.

36. **The sustainability of UNDP sectoral programmes is sometimes at risk where country offices are heavily dependent on particular sources of funding for the continuation of their programmes. Alternative funding sources are often not actively sought or available at the country level.** Heavy dependence on particular sources of funding is a concern. This is particularly the case with GEF, which is often intrinsic to the delivery of country office energy and environment portfolios. Other global funds do not engender dependency in the same way. The Multilateral Fund has a specific purpose that can only be serviced through that one particular funding source and does not affect the range of UNDP environmental work, while the whole premise of the partnership with GFATM is on an as-needed basis. Reliance on global funds is not necessarily a problem, provided that offices are set up to cope with funding fluctuations.

37. **Partnership between UNDP and global funds is susceptible to a variety of factors. The sustainability of such partnerships is not a given in a dynamic global development context where the priorities of established players are evolving and new actors are emerging.** Sustainability of partnerships often depends on factors outside UNDP control. The funds have their own raison d'être and internal 'drivers'. It is assumed, for example, that as GEF opens up to more implementing organizations, the UNDP role will diminish, and the choice of UNDP as principal recipient of last resort under GFATM usually depends on local needs, capacities and viewpoints. The Multilateral Fund is a more predictable source than others, as no changes to its implementation arrangements are envisaged. Under all funds, much rests on relations with national authorities, which are increasingly having a say in which organizations they choose to work with.

Philanthropic foundations

38. **In general, initiatives supported through partnership between UNDP and philanthropic foundations fit well with national and regional priorities. On some occasions, the alignment of such initiatives with UNDP principles and programmatic objectives is somewhat tenuous.** UNDP partnership with philanthropic foundations has

focused on issues of relevance to programme country governments, philanthropic foundations, and UNDP. The two regional-level initiatives, as well as other projects supported through partnership with philanthropic foundations, address important human development concerns in the countries in question. However, a number of projects conducted in partnership with philanthropic foundations appear to have taken UNDP to the fringes of programmatic relevance, although relevance to programme countries and philanthropic foundations was never in doubt.

39. **Partnership between UNDP and philanthropic foundations has been of limited strategic importance to all parties involved. Partnerships have tended to be reactive and focused on individual national and regional development challenges.** UNDP engagement with various philanthropic foundations over the past decade has evolved in the context of country-specific circumstances, personal contacts and occasional outreach initiatives by both sides. The overall financial importance to either UNDP or the foundations has been relatively limited; many projects and substantive contributions to objective achievement have been small in scope. Over the past decade, sporadic high-level contacts have taken place between UNDP and the three concerned philanthropic foundations. However, work cultures and expectations have varied considerably; close institutionalized cooperation has gradually evolved into a more ad hoc approach to partnership.

40. **In most cases, it is difficult to associate partnership between UNDP and philanthropic foundations with demonstrable and positive developmental change. In several instances, it is possible to report on the achievement of some development results.** The multifunctional platform initiative in West Africa, supported by the Gates Foundation, stands out as having made an important difference in the life of many primary stakeholders, predominantly women. With respect to other partnerships between UNDP and philanthropic foundations, though project outputs have been delivered, it is premature in many cases – or not possible – to determine their contribution to developmental change.

41. **Working relationships with philanthropic foundations are generally good, contributing to the delivery of planned outputs. A range of issues related to administrative arrangements and country office capacity reduce overall efficiency.** Most partnerships between UNDP and philanthropic foundations experienced bureaucratic challenges, including delays in reporting, funds allocation, procurement, recruitment and processing by regional service centres. These were due to different factors related varyingly to UNDP, the respective philanthropic foundation or the government. However, such issues are not inevitable, and some projects are implemented with relatively few setbacks.

42. **Adapting to the planning, monitoring and evaluation requirements of the philanthropic foundations has posed some challenges to UNDP country offices. The raising of standards has generally been welcomed and has contributed to increased capacities on the part of UNDP.** The quality of planning documents prepared for partnership initiatives with philanthropic funds tends to be relatively high. Monitoring and reporting systems have been based on philanthropic foundation requirements. As a result, UNDP has occasionally had to adapt its own systems and adopt procedures recommended by the foundations. Systems of results-based disbursements on the part of the foundations, based on regular reporting, have enforced some degree of discipline.

43. **UNDP overhead charges are frequently contested by philanthropic foundations and national government counterparts. UNDP has been unable to effectively communicate the rationale for the charges, which gives rise to periodic disagreements among partners and potentially undermines new partnership opportunities.** Philanthropic foundations and government partners tend to agree with UNDP on overhead charges (based on standard UNDP procedures) during the planning phases of projects. However, the issue of overhead charges often resurfaces and has, in some cases, led to philanthropic foundations reconsidering partnering with UNDP. The issue of overhead

charges is not always contentious, however, and there are examples of philanthropic foundations acknowledging the benefits of working with UNDP despite the charges.

44. **UNDP partnerships with philanthropic foundations have tended to be exclusive affairs. There is no evidence of UNDP having facilitated partnership between another United Nations country team member and a philanthropic foundation. Rather, there are examples of competition among United Nations organizations for philanthropic foundation patronage.** Overall, there are few instances where an existing partnership between UNDP and a philanthropic foundation has involved, or could have involved, other United Nations partners. In the United Arab Emirates, the Office of the Resident Coordinator appears to have been regularly bypassed by other United Nations organizations exploring partnership opportunities with nationally-based philanthropic foundations, to the point where government authorities have complained about United Nations competition and lack of harmonization.

45. **While the UNDP Bureau for External Relations and Advocacy has a focal point function for philanthropic foundation partnership, it has not established strong relationships with the foundations. Moreover, its support to programme units in terms of lessons-learning, knowledge-sharing and facilitating contacts with philanthropic foundations has been weak.** The Bureau has allocated very limited resources to liaison with philanthropic foundations or the conduct of related policy research and analysis. Responsibility for managing specific partnerships rests primarily with regional bureaux, regional service centres or country offices. The Bureau tends not to follow up closely on implementation, and plays only a limited role in tracking progress or collating related monitoring and evaluation reports. Neither does it play an active role in identifying lessons, sharing information or advocating for partnerships with philanthropic foundations.

46. **Overall, there are few indications that the results achieved through partnerships with philanthropic foundations are sustainable. While efforts have been made to ensure sustainability as part of project planning documents, most initiatives are either unlikely to achieve sustainability or will require more time to determine whether they will do so.** In the context of the partnerships between UNDP and philanthropic foundations that have contributed to achieving development results, a number of initiatives do show some potential for sustainability. In other initiatives – those related to democratic governance and capacity development, for example – much will depend on continued commitment and opportunities to take initial achievements forward.

47. **Given the ad hoc nature of most partnerships between UNDP and philanthropic foundations, it is likely that instances of partnership in particular country contexts will not be sustained in the long term. However, opportunities for ad hoc partnerships in new country contexts remain; opportunities for broader strategic cooperation with philanthropic foundations may also be possible.** A number of partnerships with philanthropic foundations are likely to end in the near future. Though new partnership opportunities will probably emerge, representatives of philanthropic foundations were not completely positive about the desirability of broader strategic partnerships with UNDP. Opportunities for strategic partnerships are not necessarily remote, however, given the recommendations made by foundations with respect to preferred partnership modalities (and presuming UNDP interest, which is not apparent at the moment).

IV. Conclusions

Conclusion 1: Reforms of the international development architecture are likely to continue given the efforts of the donor community to strengthen the performance of existing multilateral arrangements embodied by the United Nations, including through more direct issue-specific support. In this context, the UNDP record in demonstrating its comparative advantage has been stronger with respect to partnership with global funds than with philanthropic foundations.

48. In many areas, and given its near-universal country presence, UNDP still has a competitive advantage; its long experience and established structure means that it remains an indispensable part of the system. However, the future of this advantage is not secure – new actors will emerge, grow and gain confidence and experience; donor preferences will evolve; and global funds and programmes addressing a wide range of 'niche' issues will proliferate.

49. The central question for UNDP is how to secure future funding in order to discharge its mandate, relating to both its programmatic coverage as well as its strategic role within the United Nations System, as ably as possible. The experience of partnership with global funds, in particular, appears to imply a greater focus on a narrow range of specialized issues and corresponding closer cooperation with a number of specialist agencies (United Nations and otherwise). This may imply give-and-take in terms of UNDP capacity to pursue a more broadly defined human development agenda.

Conclusion 2: In engaging with global funds and philanthropic foundations, UNDP has demonstrated flexibility in adjusting its programmatic focus and operational modalities. Partnership with global funds has led to a concentration on narrowly defined sectoral issues that are also addressed, to a varying extent, by other specialized United Nations funds and programmes. Partnership with philanthropic foundations has resulted in coverage of an eclectic range of development issues.

50. In working with non-core funding instruments within the context of the changing development cooperation architecture, UNDP appears to have been prepared to engage, where opportune, with issues that lie on the fringes of the programmatic focus areas defined in its strategic plan, 2008-2013. This has been more pronounced in the partnership with philanthropic foundations, which has typically been more ad hoc and context-specific. In working with global funds, UNDP has developed highly specialized technical capacities within the programmatic focus areas of the strategic plan that may not previously have been required of UNDP.

51. In making itself available as a qualified partner of global funds, UNDP has found itself both competing and cooperating more frequently with other specialized United Nations organizations. This has affected inter-agency relations and has raised broader questions of United Nations System coherence, efficiency and development effectiveness.

Conclusion 3: The programmatic objectives of partnership with global funds and philanthropic foundations are generally aligned with the broadly framed UNDP strategic plan. UNDP has missed opportunities to maximize the benefits of partnership to consistently integrate a human development perspective and foster a more holistic development approach.

52. In working with global funds and philanthropic foundations, UNDP did not sufficiently ensure relevance to its core priorities by mainstreaming objectives related to human development, national capacity development or coordination within the United Nations system. Though implementation remains uneven, there is a growing awareness of the need for cross-linkages and connections between thematic areas such as poverty reduction, gender equality and environmental sustainability. Capacity development activities are extensive at the project level, but a strategic approach that prioritizes the long-term objective of 'helping recipient governments help themselves' is lacking.

53. All partners have specific mandates that determine the type of activities they finance and the nature of the benefits they seek. This inevitably limits the nature of the projects for which UNDP can seek funding from such funds. Country offices consistently struggle to secure the additional funds needed to achieve core UNDP human development objectives.

Conclusion 4: UNDP remains an important conduit for development funding. This is particularly clear in the case of partnership with global funds, where strategic,

corporate-level linkages are cultivated and maintained. Partnerships with philanthropic foundations have been more opportunistic, based on country and project-level requirements. Moreover, given the fundamentally different organizational structures, procedures and cultures of philanthropic foundations, UNDP may not always be the most appropriate partner.

54. UNDP is one of a few organizations able to handle the large amounts of funding channelled through the global funds. It is able to cover a range of sectors in the complex environments in which these funds often seek to operate, and has the capacity to do so in accordance with internationally agreed standards. UNDP has demonstrated its ability to perform effectively, to meet the rigorous standards set by funds, and to develop innovative approaches to development and administrative challenges. Global funds are highly relevant strategic partners for UNDP, both in budgetary and substantive terms. The relationship is of mutual importance but tense at times, as large and complex institutions strive to find ways of working together.

55. UNDP is less essential to philanthropic foundations; they often deal with smaller-scale projects and thus have a wider choice of implementing organizations. Relationships with philanthropic foundations have not progressed much beyond ad hoc project-based partnerships. Some UNDP advantages – its size, structure and capacity to manage large-scale funding – are a disadvantage for smaller donors, where these strengths can become encumbrances. Whether UNDP would be able to meet smaller donor requirements (and to do so in a manner that would be cost-effective for its own purposes) raises questions as to its suitability as a partner.

Conclusion 5: UNDP management of partnerships with global funds and philanthropic foundations has lacked strategic vision and overall coordination. UNDP could have done more to foster coordination among headquarters-based management units – and between them, the regional bureaux and other policy bureaux and units. Partnership with philanthropic foundations has been neglected, limiting relationships to project-specific initiatives, with minimal corporate-level guidance and follow-up.

56. UNDP institutional-level working relationships with global funds are well established, with regular senior-level exchanges. While the respective central coordination units manage relations with the funds, on the one hand, and the implementing programme units, on the other, there is no overarching management of those relationships in the broader context of UNDP partnership with non-core donors. As a result, little, if any, cross-cutting analysis has been conducted of the programmatic role of the partnerships in the context of the changing development architecture. Over the past decade, UNDP has made few concerted attempts to foster longer-term, strategic-level partnerships with philanthropic foundations. The resulting impression received by philanthropic foundations is that UNDP is not particularly interested in communicating on substantive issues or in exploring strategic alliances.

Conclusion 6: At the institutional level, UNDP faces challenges in meeting the expectations of current and potential global fund and foundation partners. In particular, if UNDP is to maintain and enhance these partnerships it will need to resolve issues relating to transparency, bureaucratic efficiency and cost-effectiveness.

57. The support frame for international assistance is shifting. There is a wider array of international and national partners for donors to choose from, and recipient governments are increasingly demanding – and have the capacities – to directly implement international projects. UNDP success in this increasingly competitive environment requires greater responsiveness to donor expectations and a continuing effort to streamline institutional procedures so that the value of using UNDP services is clear. Although UNDP management has made progress on transparency issues (with respect to the sharing of audit information with donor partners, for example), such changes are perceived by partners as being made slowly and reluctantly. Concerns have also been raised about

UNDP overhead cost structures. While UNDP overhead fees may be equivalent to or less than those of some other international institutions, funders need to be convinced of the additional value that UNDP brings as an intermediate entity between the funders and their beneficiaries.

V. Recommendations

Recommendation 1: In fostering and strengthening partnerships with global funds and philanthropic foundations, UNDP should focus strongly on supporting the prioritization of national development concerns. To the extent possible, over-reliance on any particular funding source should be avoided in order to retain flexibility.

58. In working with global funds and philanthropic foundations to support national development, UNDP needs to be sensitive to the risk of influencing national development agendas through the availability of funding in earmarked sectors. Though uncommon, there were instances where a side-effect of global fund involvement was to draw attention – and counterpart resources – away from the highest national concerns. In such circumstances, UNDP has a vital role as mediator, ensuring that the proposed package of activities meets national interests.

59. The integrity of UNDP programming in any given thematic area should be safeguarded by avoiding an over-reliance on one particular fund or foundation. Some sectoral programmes are heavily or wholly reliant on specific sources of funding. This makes the programmes vulnerable to closure if the funding stops. It can also focus attention away from areas that may be equally critical but for which funding may be less readily available. While some country offices may have few options, country offices should receive support to identify alternative sources of funding and diversify their funding base.

Recommendation 2: UNDP should engage more explicitly and consistently with global funds and philanthropic foundations in order to establish common ground and develop mutual approaches to development challenges. In its partnership with global funds and philanthropic foundations, UNDP should place more explicit emphasis on the central importance of mainstreaming a human development perspective and developing national capacities.

60. UNDP needs to continually demonstrate to global funds and philanthropic foundations that it is a relevant partner. In addition to maintaining a country presence and the ability to deliver programmes and projects, relevance is a function of the value that UNDP adds in contributing international expertise, sharing lessons learned around the world, and building synergies with broader efforts. UNDP should make more concerted efforts to ensure that its partnership with philanthropic foundations falls within its programmatic mandate, adheres to human development principles, and represents value for money.

61. While UNDP has made substantial progress over the past years in advocating stronger linkages with a broader human development perspective and in securing the commitment of its partners to related objectives, it should explicitly require that partners foster cross-linkages that encourage advancing areas such as gender equality, capacity development, environmental sustainability and civil society participation. A more systematized approach to capacity development will be necessary to enable country offices to identify opportunities to better track progress and explain to other stakeholders what it is doing. Capacity development, with clear benchmarks that can be monitored and evaluated, should be a key deliverable in all global fund and philanthropic foundation projects.

Recommendation 3: UNDP should focus on the role that partnership with global funds can play in securing development support to programme countries, particularly in the context of the rapidly changing international development

cooperation architecture. UNDP needs stronger central coordination of information and knowledge management functions in order to facilitate a more strategic approach to partnership with global funds.

62. There is no overarching function that oversees all UNDP work with global funds, and there is limited coordination among the respective units – or between them and regional bureaux and other policy bureaux and units. Identifying or developing such a function would place UNDP senior management in a better position to engage with the global funds in a more strategic manner. Considering the importance of partnership to UNDP, particularly from the perspective of resource mobilization, a more integrated and less piecemeal approach is advisable, particularly during a period when donor relations are undergoing rapid change.

63. A central coordinating function is likely to be able to play a strategic role in engaging with other development actors (particularly United Nations organizations) in connection with the partnerships with global funds. There are internal fault lines within UNDP that constrain the exchange of lessons learned across the organization. UNDP should explore ways to strengthen the management of knowledge emanating from, and pertaining to, different partnerships across the organization.

Recommendation 4: Building on ongoing Bureau for External Relations and Advocacy initiatives, UNDP should develop a partnership strategy to engage with philanthropic foundations. Such a strategy should be built on a clear assessment of potential partners; on their motivations and goals; on potential benefits to UNDP programme countries; on UNDP value-added in engaging with such partners; and the opportunities and risks of doing so.

64. In order to make the most of potential opportunities for constructive engagement with philanthropic foundations, UNDP should undertake a thorough review of existing partnership experiences and potential partnership opportunities. UNDP would be negligent in its responsibilities to its Member States if it did not engage with such foundations in a proactive and sustained manner. UNDP could conceivably make an important contribution as a facilitator between philanthropic foundations and a range of partners in programme countries; moreover, depending upon the nature of partnerships forged in the future, the potential for supporting the mobilization of significant amounts of resources for development should not be discounted.

65. UNDP should explore different models of collaboration with philanthropic foundations – such as mobilizing the collective support of foundations for particular issues, and engaging in partnerships with foundations in collaboration with United Nations partners involved in similar areas. UNDP should strengthen its information management and reporting system for philanthropic foundations, with a view to improving its understanding of partnership trends with regard to such foundations.

Recommendation 5: UNDP has a particular responsibility to find solutions to operational and procedural bottlenecks, including issues relating to transparency and oversight, that hamper relationships with global funds and philanthropic foundations. In order to minimize discord stemming from differences in bureaucratic cultures and expectations, UNDP should develop a communication strategy that clarifies what it can and cannot do.

66. UNDP should conduct a comprehensive review of its rules, procedures and practices relating to partnerships with global funds and philanthropic foundations. The review should provide the basis for engaging in comprehensive, cross-cutting dialogues to strengthen partnerships and increase efficiencies. It should also lead to developing a partnership framework for global funds and philanthropic foundations, clearly defining programmatic objectives and the operational environment.

67. UNDP should continue to review and take forward its processes for financial transparency and auditing in relation to non-core funds, particularly large-scale global

funds. Full disclosure should be the norm, whether it refers to information at the country level or to principles upheld by the central organization. UNDP should consider conducting a comprehensive assessment of the financial cost of partnerships with different global funds and philanthropic foundations. The assessment should focus on strengthening the position of UNDP to negotiate overhead charges in the future and to demonstrate its level of counterpart funding. UNDP should engage with its partners in more innovative ways in order to ensure that its work supporting programme country development is better recognized and understood.

68. Monitoring and evaluation of projects implemented through partnership with global funds and philanthropic foundations should receive adequate attention, as partnerships can only mature when there is mutual learning. UNDP should also apply lessons learned from the monitoring and evaluation of partnerships with global funds and philanthropic foundations to other areas of its work. An additional concern would be to ensure that monitoring and evaluation capture the contributions of the partnerships to achieving broad human development outcomes.